

Internship Report

Financial analysis of new business projects of Summit Communications Ltd

Submitted to,

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LETTER OF TRANSMITTAL

To

Ms. Tanjina Shahjahan

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Subject: Submission of Internship report on “Financial analysis of new business projects of Summit Communications Ltd”.

Dear Madam,

This is my great pleasure to submit the Internship report of my three months long Internship program at Summit Communications Ltd. The title of the report is “Financial analysis of new business projects of Summit Communications Ltd”. This report has been prepared to fulfill the requirement of my internship program at my assigned organization.

I have put my utmost effort to make this report a successful one. It has been a joyful & enlightening experience for me to work in the organization & prepare this report. However, this has been obviously a great source of learning for me to conduct similar types of studies in the future.

I would like to express my sincere gratitude to you for your kind guidance & suggestions in preparing this report. It would be my immense pleasure if you find this report worthwhile & informative to have an apparent perspective on the issue. I shall be happy to provide any further explanation and query regarding this report or any other relevant matters, if required.

Thanks and Best Regards,

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PREFACE

All things considered, just the hypothetical information is insufficient to develop profession. We the understudies are given the hypothetical cellar with the goal that we can confront the challenges proficiently and adequately that comes throughout our life. As a prerequisite of BBA program, every undergraduate is required to compose a report paper on separate subject as chose by the advisor.

This Program starts as three month temporary job working in any business association, which is clearly a matter of appreciation. It helps the understudies a lot in accomplishing useful information and applying the hypothetical learning in genuine ground.

In outcome, I was designated to work in "Summit Communications Limited" for three months and arranged a report on "Financial analysis of new business projects of Summit Communications Ltd". I trust this report is an impression of aggregation of my effort, learning and commitment.

ACKNOWLEDGEMENT

First of all, I would like to thank my Advisor Ms. Tanjina Shahjahan for her help, effort, suggestions and utter co-operation. Without her utmost co-operation it would have been impossible for me to complete the report in due time. I shall remain ever grateful to her for her extraordinary gesture and pure interest in completing my report.

I am also thankful and acknowledged to my supervisor Md. Majidul Haque, Senior Manager, SCL, without his direct help, suggestion, and assistance it would have proven quite difficult for me to complete this report. I would also like to thank the authority of Summit Communications Ltd. for helping me by giving an opportunity to work with them.

I am also grateful to the other officials & my friends who helped me while preparing the study by giving their suggestions, assistance & supply of information, which were valuable to me. Their helping hand supported me to complete my report successfully. Finally, I want to thank my parents who gave special attention to me from the very beginning and during the preparation of report & the internship program.

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EXECUTIVE SUMMARY

As a part of academic requirement and completion of BBA program, I have been assigned to complete internship report on “Financial analysis of new business projects of Summit Communications Ltd” under the guidance of Ms. Tanjina Shahjahan.

Finances are the backbone of any company. Without a proper financial stability or profitability a company never undergoes to start a new project. In this report I have analyzed two of the new business project that SCL is planning to start very soon. As an intern in at a reputed network infrastructure company like “Summit Communications Limited” I have tried my best to analyze the business I have learned within three months.

The report begins with a general description of "Summit Group Ltd.", and afterward comes the presentation of "Summit Communications Ltd." and also its motivation, degree and impediment. The Mission and Vision of SCL are additionally talked about. At that point this report continues onto the preliminary discussion of the products of SCL.

After that I talked about how the company is going to be valued financially by the two new projects. For this I have calculated the net present value of both the projects with the financial data of revenue and expenses. The completion of the report makes me recommend that these two projects will be very beneficial to the company and the company should look forward to go with them.

Chapter 1

Introduction

1.1 Background of the study

The current world is running on the profits that the companies are earning. Without profits the businesses now a day are seem worthless. That is the basic rule for any business that is running or going to start. So it is very necessary for a company to calculate and evaluate the financial profitability. No companies earn profit within a very short time. Every business needs a proper time to catch up in the market and gain its market share and see the face of profit. That is why financial analysis should be done in a very accurate and a proper manner. Otherwise it can cost any business to fall down within a fraction of a time.

Keeping these things in mind I have tried to calculate the net present value and initial rate of return for the two new business projects that SCL is planning to launch in very recent time.

1.2 OBJECTIVE

1.2.1 Broad objective

To know overall about the company of SCL and also figure out the possibility of profits, the two new projects company is planning to launch.

Specific Objective

- a. To calculate the net present value of both the projects
- b. To calculate the initial rate of return for both the projects
- c. Analysis the results and give a decision on whether the projects should be taken or not.

1.3. Methodology

1.3.1. Source of Information:

1. Primary: The primary information collected through face to face interview, observation, and collecting the financial data.

2. Secondary: The secondary information collected from website, magazines and some other relevant sources. Both primary and secondary data sources will be used to generate this report.

1.4. Scope of the Research

The report deals with the numbers that are forecasted to be as revenues and operating expenses. The study will allow learning about how a business should forecast the expenses. The study will help to learn the practical procedures followed by the leading organizations. Moreover the study will help to differentiate between the practice and the theories that direct to realize how the organization can improve their financial situations.

1.5. Limitations of the Research

The main limitation of the study is the collection of information because most of the information is confidential. So they do not want to disclose them. And I am not able to show the details of the forecasted amount according to company policy.

Chapter 2

Overview of Summit group

2. Background of Summit Group:

In the year 1972, the Summit vision was created with the establishment of a small thermo-plastic molding compound trading company, Sanguine Traders. The goal was to develop the company into a premier business institution. After three decades, Summit has become well established as a top tier business establishment of Bangladesh with the group consisting of more than 10 companies and employing more than 500 people.

Today Summit Group is recognized as a highly innovative company having a reputation of being the early movers in the markets it operates in. This company is currently known as Summit Industrial & Mercantile Corporation Limited (SIMCL) being a holding company incorporated on 1985. The group operates in markets such as power, shipping, oil, containers etc. It also has investments in other diversified fields such as real estate and banking. The two power producers in the group, Khulna Power Company Limited and Summit Power Limited are two of the largest and most advanced private power producers in the country. Out of the group's diversified concerns, four of its companies, Summit Power, Khulna Power, Ocean Containers and Summit Alliance Port Limited are currently listed in the two stock exchanges of the country and have a combined market capitalization of over taka 101 billion or around US \$ 1.5 billion. The figures of the public limited companies alone make it one of the most valuable companies in the country, leaving aside its other privately held concerns.

Even though Summit is a profit oriented organization it believes in the betterment of society and takes it as an important responsibility to improve the lives of people around us. Keeping this in concern Summit has set up the Siraj-Khaleda Trust which has built a modern 200 bed hospital to provide treatment to the underprivileged people of the society. It also participates in the Prothom-Alo Support Fund to distribute fund for different causes in all parts of the country. The group is also concerned about the environment in its actions and ensures its operations do not degrade the environment and they also subsequently go for tree plantations to replenish the losses to environment for industrialization.

2.1 Other concerns of Summit Group:

- 1) Summit Communications Limited.
- 2) Summit Power Limited.
- 3) Summit Alliance Port Limited.
- 4) Khulna Power Company Limited.
- 5) Summit Shipping Limited.
- 6) Ocean Containers Limited.
- 7) Cosmopolitan Traders (Pvt.) Limited.
- 8) Summit Pipeco Limited.
- 9) United Summit Coastal Oil Limited and many more.

○ Summit Power Limited:

Summit Power Limited (SPL), sponsored by Summit Group, is the first Bangladeshi Independent Power Producer (IPP) in Bangladesh and until now the only local company in private electricity generation and supply business providing power to national grid. SPL was incorporated in Bangladesh on March 30, 1997 as a Private Limited Company. On June 7, 2004 the Company was converted to Public Limited Company under the Companies Act 1994.

○ Summit Alliance Port Ltd:

Summit Alliance Port Limited (SAPL) is an off-dock port service provider including ICD (Inland Container Depot) and CFS (Container Freight Station) services. Located just 6.5 kilometers from the Chittagong port, SAPL has a great geographical advantage. The ICD facilities include empty container storage and the CFS services can handle both import and export cargo.

○ Khulna Power Company Limited:

Khulna Power Company Ltd. (KPCL) has the distinction of being the pioneer IPP in Bangladesh by having two barge-mounted power plants generating 114 MW of electricity. This is a private limited company located in the southern parts of Bangladesh, Khulna. KPCL is a joint venture in

collaboration with Summit Industrial & Mercantile Corporation (Pvt.) Limited and United Enterprises.

- **Summit Shipping Limited:**

Summit Shipping Ltd. (SSL) is a concern of the Summit group chiefly for the transportation of liquid oil. These liquid products mainly are the raw materials required for production by different power plants. Summit Shipping Limited is the first ISO 9002 certified shipping company in Bangladesh.

- **Ocean Containers Ltd:**

Ocean Containers Ltd. (OCL) is the largest privately owned off-dock container port in Bangladesh. It's also the frontrunner for Inland Container Depot (ICD) and Container Freight Stations (CFS). The location of the facility is only 6 kilometers away from Chittagong port. Established in 1994, the activities of OCL includes loading and unloading of more than 8,000 containers per month. OCL also provide storage facilities of 5,000 containers each day.

- **Cosmopolitan Traders (Pvt.) Ltd:**

Cosmopolitan Traders (Pvt.) Ltd. is a support entity of the Summit group chiefly involved in trading. This holding company is engaged in port-related businesses. These services and businesses include container depot, liquid storage terminal, gas terminal, shipping among other ventures.

- **Summit Pipeco Ltd:**

Summit Pipeco Ltd. (SPL) has been established to complement the already existing services that Summit offers for the energy sector. This venture helps to get the most out of the new opportunities emerging in the ever changing energy sector.

- **United Summit Coastal Oil Ltd:**

United Summit Coastal Oil Ltd. (USCOL) is an oil management company set up to complement the activities of some other ventures of the group. It's the first private organization of its kind in Bangladesh. This is established by Summit in collaboration with the United Group.

Chapter 3

Summit Communications Ltd

3. Summit Communications Limited:

3.1 Background:

Summit Communication Limited (SCL) is one of the two authorized Nationwide Telecommunication Transmission Network (NTTN) operators in Bangladesh. SCL is a subsidiary of Summit Group, one of the leading and high net-worth industrial conglomerates of the country. SCL was set up to ensure diversification in the group and to take position into the telecommunication sector and strengthen the country's telecommunication infrastructure. This initiative is also in line with Govt.'s initiative of 'Digital Bangladesh' and to lay foundation for this goal.

The organization started its journey on 22nd December 2009 after being granted a license from Bangladesh Telecommunication Regulatory Commission (BTRC) to operate Nationwide Telecommunication Transmission Network (NTTN) services. This license will help SCL to concentrate on its mission of strengthening the country's telecommunication backbone by upgrading and expanding the current fiber-optic network in Bangladesh. It authorizes SCL to develop, build, own, operate, maintain and provide fiber-optic based NTTN services to Access Network Service (ANS), Licensed Telecommunication Operators and other authorized users.

3.1.1 Vision:

To connect to every household in Bangladesh with world-class multi-media services with the objective to help develop a Digital Bangladesh.

3.1.2 Mission:

- a. To implement and operate fiber optic network for the whole country.
- b. To serve the industry with durable, reliable and affordable network solution in the long run.
- c. To innovate and implement modern up to date transmission technology which will serve current demand of the market.

- d. To explore and work toward future potentiality of different telecommunication services.

3.2 Organization Structure:

Summit Communications Limited, being one of the sister concerns of Summit Industrial & Mercantile Corporation (Pvt.) Limited has set the Management in line with the required expertise & Technical knowhow and relevant supportive divisions. The Board of Directors of SCL shall look after the strategic issues whereas the competent personnel employed by the company will implement its plan and supervise the plan. Here is the proposed organogram of the Company:

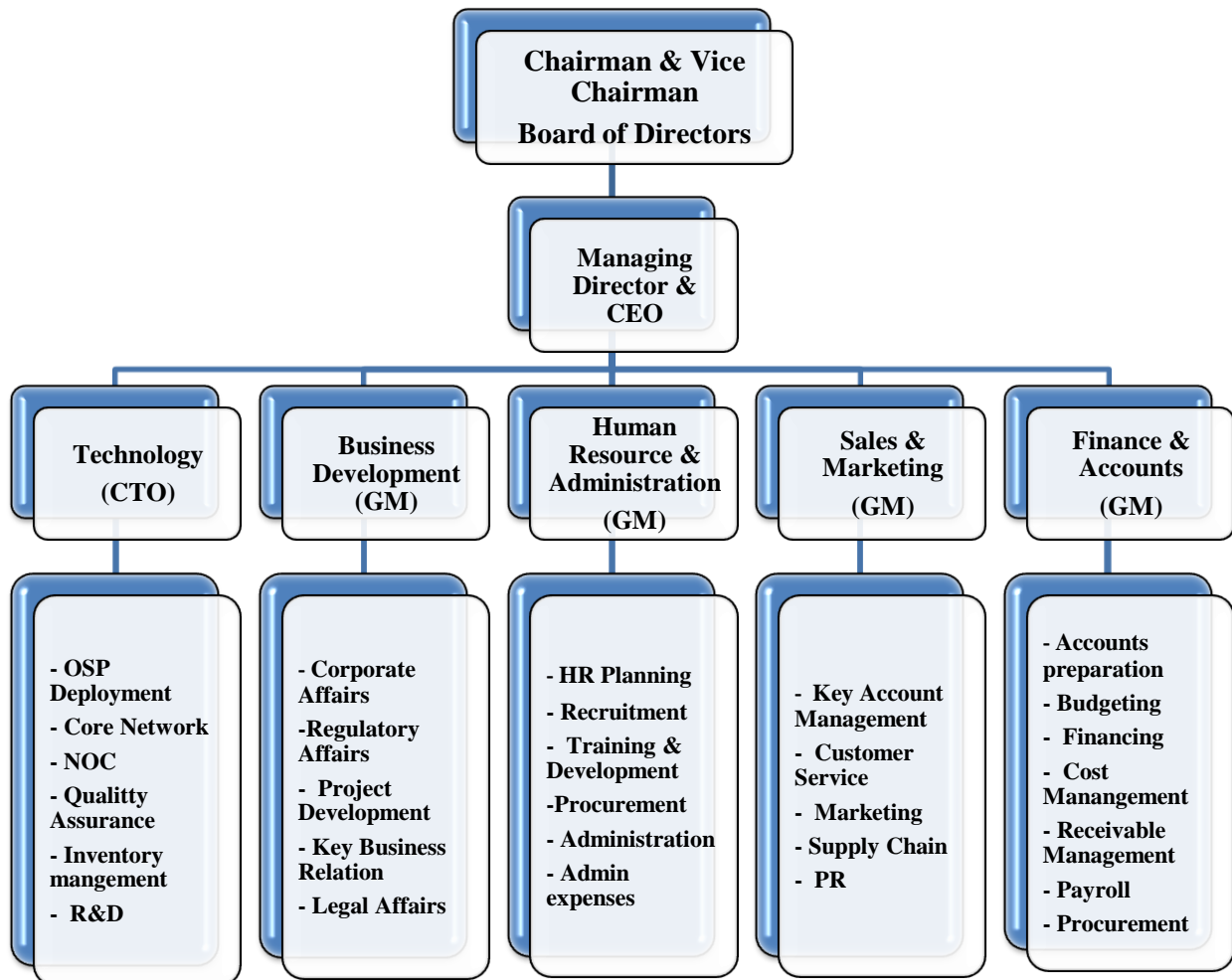


Figure 1: Organogram of Entire Summit Communications Limited

3.3 Project Profile of Summit Communication Limited:

BTRC had issued licenses to private sector for building, operating and maintaining nationwide optical fiber network all over the country known as Nationwide Telecommunication Transmission Network (NTTN). Summit Communications Limited has been awarded as second licensee to implement countrywide optical fiber network on 9th December 2009. The first license was awarded to a company named Fiber@Home Limited on 2008 and they are already in operation having some decent presence of Optical Fiber Network nationwide.

3.3.1 Nationwide Telecommunication Transmission Network:

Resulting from tremendous growth in Telecommunication sector, there is a need of concrete stable and unified optical fiber network in metro cities as well as long haul for network connectivity or transmission purpose. All the telecom companies including Mobile Operators, PSTN and Internet Service Providers have established their network for their network connectivity. Each of them except the mobile operators have made of their network using overhead cables instead of underground network which are hazardous in nature and have low economic life. As a result, the growth in telecommunications demands during recent decade in Bangladesh, much attention has been given to transmission solutions both for active and passive network. A well planned optical transmission network can effectively carry and transmit voice, data and video services to the end customers. Therefore using NTTN operator in the country can strengthen its network transmission, provide cheaper but durable network, reduce wastage of resources and overall can implement a network build up for connecting all kind of operators under common backbone to ease networking facility to every entity without much disruption.

The NTTN License:

The license has been awarded to Summit Communications Limited on 9th December 2010 which is valid for 15 years in duration, subject to renew every year.

1	License Acquisition Fee	BDT 30,000,000
2	Annual License Fee	BDT 2,500,000

3	License Tenure	15 years
4	Gross Revenue Sharing	0% in 1 st year, 1% for 2 nd year, 2% for 4 th & 5 th year and 3% on ward
5	Performance Bank Guarantee	BDT 100,000,000

Table 1: NTTN License

License Premises & Obligation:

- ❖ The NTTN license has been issued with the view of facilitating total network solution for all telecommunications operators. Following are the objective as well as key features of NTTN operation according to the license issued:
- ❖ The operator shall develop, build, operate and maintain its NTTN system all over the country.
- ❖ The operator is authorized to Lease out/ rent out its NTTN resources to the ANS and other licensed telecommunications operators for a specified lease term within NTTN license duration
- ❖ The operators are permitted to use cable, optical fiber and other wire based technologies to provide NTTN service.
- ❖ The operator has to option to develop, build, operate and maintain last mile network up to the end users. But no NTTN operator is permitted to provide services directly to the end users. ANS and licensed Telecommunication operators can use the NTTN resources to provide telecommunication services directly to the end users.
- ❖ The operator shall have to develop NTTN network minimum up to Upazilla headquarters throughout the country and will have to meet rollout obligation stated in the license.
- ❖ The operator will have to file for Initial Public Offering (IPO) within 5 (five) years of the issuance of license. The operator is not allowed to transfer any share before issuance of IPO and without prior permission from BTRC.

3.4 SCL's Product & Services:

The main service of Summit Communications Limited is to facilitate network transmission service. As per license obligation, SCL will build up, operate and maintain an optical fiber cable network and lease out to ANS operators, ISPs, other licensed telecom operators and cable TV operators. SCL will be building backbone network both in metro cities & in long haul and can provide network service through 1) Dark Fiber Leasing, 2) Bandwidth Leasing. Another service the company offers is BTS and Hub site connectivity.

3.4.1 Dark Fiber Leasing:

The term dark fiber was originally used when referring to the potential network capacity of telecommunication infrastructure, but now also refers to the increasingly common practice of leasing fiber optic cables from a network service provider. Dark fiber networks may be point-to-point, point-to-multipoint, or use self-healing ring or mesh topologies. While dark fiber leasing, SCL offers operators to lease cores/ pair (i.e. 01 pair = 02 core) from SCL's network for a definite distance and the operator will pay based on per Km per core basis for dark fiber dark leasing. Additionally the company can build up additional spurs according to the request of operators. The operators can sublease bandwidth to the end customers using their own active device or terminal equipment. Potential customers for dark fiber leasing are ISPs, Mobile operators, PSTN operators, Wimax operators and Cable TV operators. Currently all operators is providing end customer's solution by providing dark fibers to each customers. As a result, there is a discreet need of more dark fibers among all operators for providing backbone and end to end transmission solution which can be mitigated through NTTN operators. SCL will provide minimum 100 Km dark fibers for next 3 years to these operators for facilitating their backbone solution and these dark fibers will be provided exclusively for their backbone solution and will restrict them to sublease these fibers to other operators.

3.4.2 Bandwidth Leasing:

Another alternative way to provide transmission service to operators is to leasing bandwidth. Bandwidth can be generated using active device or terminal equipment and the company will allocate bandwidth to the operators based on SDH (for voice) or FE-GE Ethernet technology (for data) since some of the operators especially some ISPs prefer leasing bandwidth. This service is

attractive for local small ISPs who cannot afford leasing 100 Km of Dark fiber and have small requirement of Bandwidth in certain areas in their market. Some other services also can be offered using this technology at the later stage of company's project.

3.4.3 BTS and Hub site Connectivity:

Mobile operators and Wimax operators use BTS towers to facilitate their wireless network. End users get this operator's service without any wire, using these BTS towers. However BTS towers of these operator's gets connected with their Hub sites (often refers to MSC and BSC or aggregation point) using fixed optical fiber. Also most of the BTS-BSC connectivity has been established based on Ethernet which is costly and lacks durability. Big mobile operators already had established their underground backbone to support their hub sites; however most of these networks do not cover up to the BTS connectivity. Moreover some operators lease out other operators built backbone in exchange of monthly lease rental which provides temporary solution for their network connectivity. Also sometimes these operators require tailor made network to connect their last mile connectivity up to their BTS tower, that only NTTN operators can provide. Moreover emergence of 3G technology will increase bandwidth need in a great extent and those 3G supported BTS towers will have to be connected from the aggregation points/ Hub sites with optical fiber to carry more bandwidth.

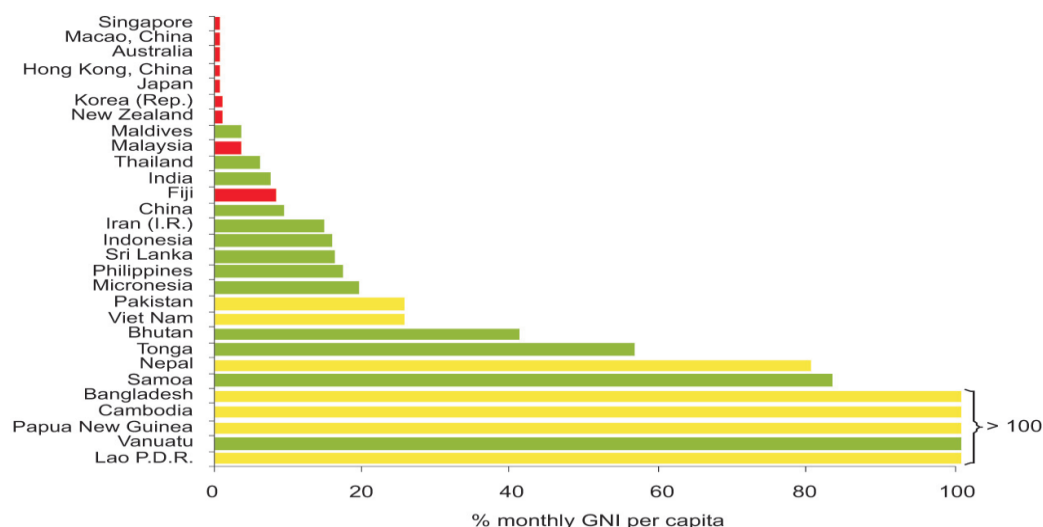
3.5 Benefit to the Industry:

Summit Communications Limited will lease out Backbone network transmission facility, Bandwidth to existing and potential service providers i.e. ISPs, Cable TV Operators and ANS Operators. The company will be holding the ownership of the transmission equipment including optical fiber, ODF, joint closure, terminal equipment etc. and the company will be responsible of overall operation & maintenance respective backbone. As a result, whenever any new operator includes in the industry, they will not need to spend time or money to establish their network and thus their Capital expenditure and Operating cost-both will be reduced.

Also since SCL is building Optical Fiber Cable network underground, hazardous overhead cable will be extinct and durability & reliability of their network will be magnified greatly. Wastage of

cable and telecommunication equipment will be reduced and by sharing them each operator will not have to import extra cable and thus it will save national resources. Also company's idea of common network backbone for all operators will make network establishment will be easier and much more organized for total telecommunication industry.

Building up Optical Fiber Network is one of the key elements of building "Digital Bangladesh". Digitalization of government agencies, automation among different ministry as well as remote offices, countrywide CCTV deployment, traffic control system, citizen centralized database system, online utility bill collection etc. can be possible by using this infrastructure. More over all public & private school, college and universities can be connected and all the hospitals can be connected through this network and this will be helpful to deploy E-medicine or E-learning etc. This means, overall productivity and efficiency can be accelerated by using infrastructure that will be made by Summit Communications Limited.



Graph 3: Fixed broadband prices as a percentage of monthly GNI per capita

Above graph showing cost of bandwidth internet service more than 100% cost compared with monthly GNI per capita which leads Bangladesh even lower position than Nepal. Cost incur for utilization of internet show that Singapore, china, Australia Hong Kong, Japan, south Korea, New Zealand stands at less than 1% while in Bangladesh an individual has to pay more than monthly GNI per month (137.7%) for internet use while countries of SAARC such as, Nepal,

Bhutan, Sri Lanka, Pakistan, India, Maldives pay much low for internet. High network and overhead cost of ISPs has lead higher price to GNI per month ratio that can be much reduced through establishment of NTFN network lowering ACPU (Average Cost per User) according to Summit Communication's tariff plan for the ISP companies and thus industry can offer lower cost internet service to the end users.

Chapter 4

Job Description

4. Job Descriptions

4.1 Nature of the job

I started my internship in Summit Communications Ltd. under the MFS department. The nature of the job was mainly research based. I had to work through the current market situation of MFS industries, generate new ideas for business, field surveys and other related works.

4.2 Specific responsibilities

1. Create a marketing campaign for the new MFS business.
2. Field survey for triple play project.
3. Creating business proposal for UPI.
4. Various market research of the competitor.
5. Brand development

4.3 Findings:

1. Access to research work was always available.
2. The working atmosphere was professional and competitive.
3. Colleagues were fully co-operative.
4. Field surveys were way too difficult to cover up in day

4.4 Recommendation:

1. Three to four projects should not be given to present at a very limited time interval.
2. Proper time frame needs to be given while finishing a research work.
3. While doing field surveys proper resources and time should be given.

Chapter 5

Mobile Financial Service

5. Mobile Financial Service

The financial sector in Bangladesh has undergone tremendous growth in volume and complexity over the recent years. However despite impressive growth gains in capital base, income, return on equity and other areas, the financial sector remains lagging in reaching out with adequate financial services to large swathes of farm and non-farm economic activities of low income rural and urban population in Bangladesh.

Rapid countrywide expansion of Mobile phone networks and Bangladesh Bank led modernization of the country's Payments system and financial sector IT infrastructure have opened up opportunities for innovating mobile phone based cost efficient modes of off-branch financial service delivery to the underserved population segments. Bangladesh Bank (BB) is issuing regulatory guidelines for Mobile phone based Financial Service (MFS) platforms in Bangladesh with a view to providing an orderly, enabling and competitive environment for utilizing this new window of opportunity of innovatively extending the outreach of financial services.

5.1 Types of Services MFS offers:

Under the Mobile Financial Service there are a certain range of services that can be offered. These services are all planned to ease the life of people and also include the money that is flowing in the unbanked community under surveillance. The services are-

- a. Merchant Payments
- b. Salary Disbursement
- c. Cash Out
- d. ATM Withdrawal
- e. Send Money
- f. Loan repayments
- g. Foreign Remittance

- h. Cash In
- i. Interest on Savings
- j. Mobile Recharge
- k. P2P transaction
- l. Mobile recharge

5.2 Cash Forecasting:

For Mobile Financial Service the revenues are earned in two ways-

- 1. Transactional Revenue.
- 2. Interest.

Operating Expenses are listed below-

- 1. Technology Platform(Capital Expense)
- 2. Salary
- 3. Network Maintenance Cost
- 4. Office rental and overhead
- 5. Above the line marketing
- 6. Below the line marketing
- 7. Training
- 8. SAC
- 9. Customer Verification
- 10. Agent Acquisition
- 11. Channel Campaigns
- 12. Vehicle Cost

5.3 NPV and IRR Calculation

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Revenue		971,323	19,931,885	82,175,137	205,964,224	386,288,633	636,082,097	972,590,349	1,396,269,712
Capital Expenditure	(50,000,000)								
Operating Expenses		(113,677,505)	(289,158,353)	(274,843,877)	(280,271,374)	(292,110,564)	(323,223,742)	(359,935,448)	(389,644,249)
Net gain/loss	(50,000,000)	(112,706,183)	(269,226,468)	(192,668,739)	(74,307,151)	94,178,069	312,858,355	612,654,901	1,006,625,462

*Discount Rate- 12%

*Net Present Value= $(50,000,000) + (112,706,183)/[1.12] + (269,226,468)/[1.12^2] + (192,668,739)/[1.12^3] + (74,307,151)/[1.12^4] + 94,178,069/[1.12^5] + 312,858,355/[1.12^6] + 612,654,901/[1.12^7] + 1,006,625,462/[1.12^8] = 396,018,497$

IRR calculation:

Let us assume, new discount rate - 10%

*Net Present Value = $(50,000,000) + (112,706,183)/[1.1] + (269,226,468)/[1.1^2] + (192,668,739)/[1.1^3] + (74,307,151)/[1.1^4] + 94,178,069/[1.1^5] + 312,858,355/[1.1^6] + 612,654,901/[1.1^7] + 1,006,625,462/[1.1^8] = 448,595,561$

*IRR = $10\% + [12\% - 10\%] [448,595,561 / \{448,595,561 - 396,018,497\}]$
= 27%

5.4 Analysis:

According to World Bank forecast table Bangladesh has a GDP growth rate of average 6.7%. From the table we can see that the sales revenue has a massive increase of 2000% in the first year. It is due to direct market penetration and the government decision of availing all the benefits for the new entrants in MFS industry. Then revenue keeps falling starting from 312% to 44%. This is due to gaining most of the market share and acquiring the customers. In case of operating expense, in first year it increases 154% but next year it decreases to -5%. Again it

increases to 2% and keep increasing to 11%. The first year increment is due to the market situation and using most of the resources to gain the market share and make the best use of governmental benefits and invest. After achieving the target it is only the maintenance cost and other employee costs are involved which first decreased the expense and as the number of customer grew the maintenance cost grew higher. The company does keep up with the forecasted GDP amount of World Bank as it tends to have positive value and the revenue is also in line with that.

5.5 Result:

A positive net present value means that the investment increases the value of the firm stating the return is more than sufficient to compensate for the required return of the investment. A negative value means that the investment decreases the value of the firm which means the return is less than the cost of capital. So if NPV is positive then the investment is expected to increase shareholder's wealth and the project should be accepted. For negative NPV it is vice versa.

While the decision rule for the internal rate of return is to invest in a project if it provides a return greater than the cost of capital. The cost of capital, in the context of the IRR, is the minimum acceptable rate of return. So if IRR is greater than the cost of capital the project should be accepted as it increases the shareholder's wealth and if IRR is less than cost of capital the project should be rejected as it decreases the shareholder's wealth.

So after calculating the above project's NPV and IRR it can be suggested that the company should accept the project.

5.6 Recommendation:

1. As first year brings up a huge revenue company can try to invest more for the next year to attract more of the consumers and tally up their revenue faster.
2. Revenue seems to be in a decreasing path, so new services and offer can be introduced to reduce the amount of decrement.

Chapter 6

Unified Payment Interface

6. Unified Payment Interface

Unified Payment Interface is completely a new business prospect in Bangladesh. It is present in India and other African countries but no other companies have planned to explore this business idea. Objectives of a unified system is to offer an architecture and a set of standard APIs to facilitate the next generation online immediate payments leveraging trends such as increasing smart phone adoption, Bengali language interfaces, and universal access to Internet and data.

Following are some of the key aspects of the Unified Payment Interface.

1. The Unified Payment Interface is expected to further propel easy instant payments via mobile, web, and other applications.
2. The payments can be both sender (payer) and receiver (payee) initiated and is carried out in a secure, convenient, and integrated fashion.
3. This design provides an ecosystem driven scalable architecture and a set of APIs taking full advantage of mass adoption of smart phone.
4. Virtual payment addresses, 1-click 2-factor authentication, user integration, use of payer's smart phone for secure credential capture, etc. are some of the core features.
5. It allows banks and other players to innovate and offer a superior customer experience to make electronic payments convenient and secure.
6. Supports the growth of e-commerce, while simultaneously meeting the target of financial inclusion.
7. Proposed architecture is well within the regulatory framework of the mobile and ecommerce transactions having 2 factors of authentication (2FA).

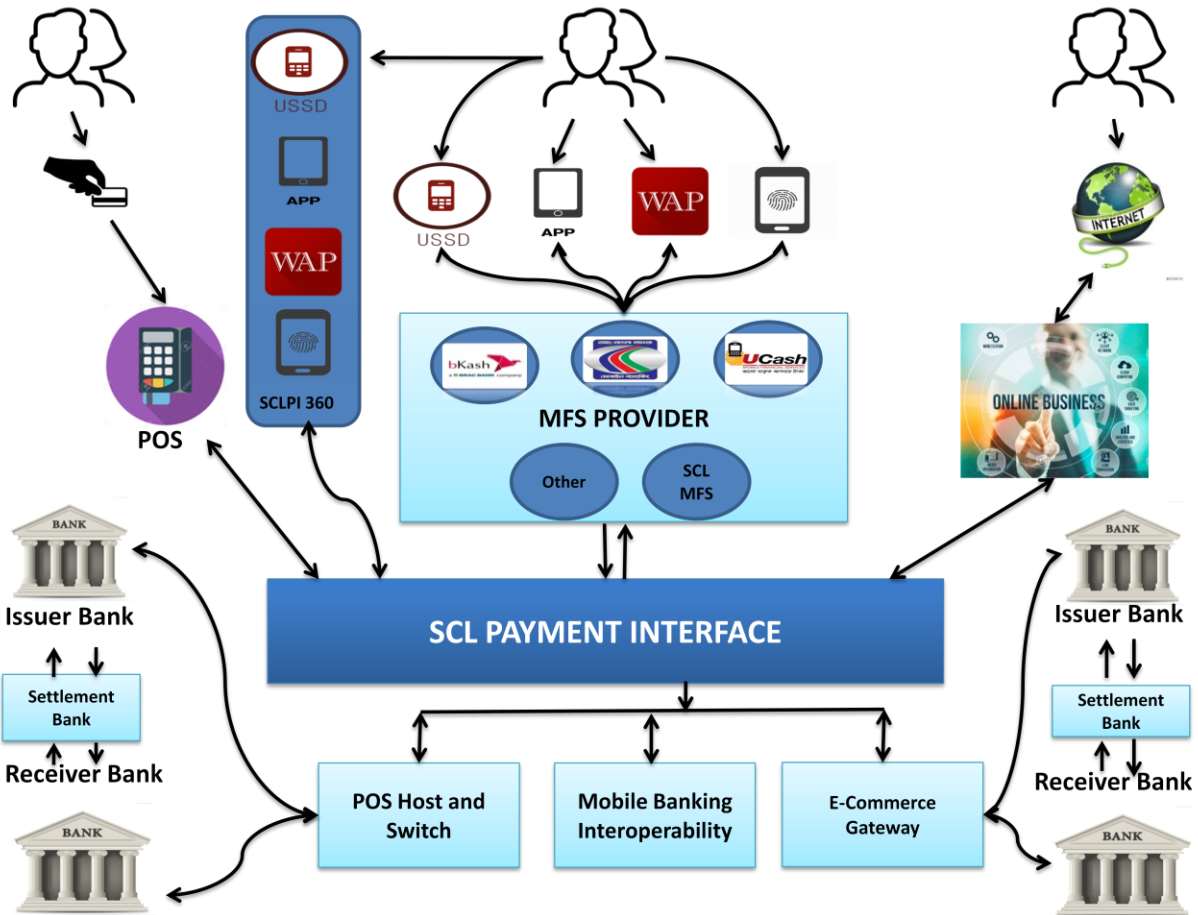


Fig 6.1: Structure of Unified Payment Interface

6.1 Cash Forecasting

For Unified Payment Interface the revenues are earned in two ways.

- 1 Transactional Revenue.
- 2 Interest.

Operating Expenses are listed below

- 2 Technology Platform(Capital Expense)
- 3 POS production(Capital Expense)
- 4 Salary
- 5 Network Maintenance Cost
- 6 Office rental and overhead

- 7 Above the line marketing
- 8 Below the line marketing
- 9 Training
- 10 SAC
- 11 Customer Verification
- 12 Agent Acquisition
- 13 Channel Campaigns
- 14 Vehicle Cost
- 15 POS maintenance

6.2 NPV and IRR Calculation:

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue		8,585,734	85,705,481	288,640,973	539,181,545	746,986,173
Capital Expenditure	(78,000,000)					
Operating Expenses		(175,640,392)	(276,554,320)	(282,579,706)	(292,436,174)	(301,258,132)
Net gain/loss	(78,000,000)	(167,054,658)	(190,848,839)	6,061,267	246,745,371	445,728,041

*Discount Rate- 12%

*Net Present Value= $(78,000,000) + (167,054,658) / [1.12] + (190,848,839) / [1.12^2] + 6,061,267 / [1.12^3] + 246,745,371 / [1.12^4] + 445,728,041 / [1.12^5] = 34,744,024$

IRR Calculation:

Let us assume, new discount rate - 10%

*Net Present Value = $(78,000,000) + (167,054,658) / [1.1] + (190,848,839) / [1.1^2] + 6,061,267 / [1.1^3] + 246,745,371 / [1.1^4] + 445,728,041 / [1.1^5] = 62,252,188$

*IRR = $10\% + [12\% - 10\%] [62,252,188 / \{62,252,188 - 34,744,024\}]$
 = 14.5%

6.3 Analysis:

World Bank forecast table for Bangladesh has a GDP growth rate of average 6.7%. From the table we can see that the sales revenue has an increase of 898% in the first year. This is completely a new business scheme in this country and as a first entrant it gives the added advantage of earning without any competitors. Then revenue keeps falling starting from 236% to 36%. This is due to gaining most of the market share and acquiring almost all of the customers. In case of operating expense, in first year it increases 57% but next year it decreases to 2%. Again it increases to 3% and stay steady there. The increment in operating expense is because of setting up of some leftovers infrastructural work. After achieving the target it is only the maintenance cost and other employee costs are involved which first decreased the expense and as the number of customer grew the maintenance cost grew higher. The company does keep up with the forecasted GDP amount of World Bank as it tends to have positive value and the revenue is also in line with that.

6.4 Result:

A positive net present value means that the investment increases the value of the firm stating the return is more than sufficient to compensate for the required return of the investment. A negative value means that the investment decreases the value of the firm which means the return is less than the cost of capital. So if NPV is positive then the investment is expected to increase shareholder's wealth and the project should be accepted. For negative NPV it is vice versa.

While the decision rule for the internal rate of return is to invest in a project if it provides a return greater than the cost of capital. The cost of capital, in the context of the IRR, is the minimum acceptable rate of return. So if IRR is greater than the cost of capital the project should be accepted as it increases the shareholder's wealth and if IRR is less than cost of capital the project should be rejected as it decreases the shareholder's wealth.

So after calculating the above project's NPV and IRR it can be suggested that the company should accept the project.

6.5 Recommendation:

1. As a new business entrant company should look for higher revenue with less operating expense. So they should accommodate their infrastructural work with the capital expense rather spending it after the business starts.

Chapter 7

Conclusion

7. Conclusion

This internship was academic necessity for Undergraduate Bachelor Program. When I initially started at Summit Communications Limited it was indistinct to precisely what were my obligations were to be. Be that as it may, soon through my Supervisor and Colleagues I could comprehend what my work included and what precisely I needed to do. This entry level position has given me adequate chances to find out about the entire SCL operational framework.

SCL has been the leading infrastructure company in the country for the past few years. The new projects that they are planning to start rooting will add more value to the company as well as company's finances. These projects will create infrastructures that can be used for further future purposes and fulfill the country's need in a more efficient and effective way.

Throughout the previous three months, I had a feeling that I was one of them. My Supervisor helped me a considerable measure to comprehend the easily overlooked detail which was important to clear the understandings of the entire framework. I could have learned couple of more things yet because of time restraint it was impractical. Still I think I have learnt such a large number of things which are going help me in my future profession. The treasured memory of SCL will stay with me for quite a while.

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